

HOUSE BILL 4083
By Litz

AN ACT to create the Hamblen County Special Endowment Fund.

WHEREAS, Hamblen County, a political subdivision of the state of Tennessee (the "county"), owns all of the real estate on which the Morristown-Hamblen Hospital Association ("MHHA"), a Tennessee nonprofit corporate body, operates its hospital, and further owns a substantial portion of the medical equipment used in such operation; and

WHEREAS, the county leases this property to MHHA under an amended and restated lease and security agreement, as amended (the "restated lease"), the rents from which are used to satisfy the county's obligations on certain hospital-related bond issues (the "bonds"), to include obligations to the Public Building Authority of Sevier County, Tennessee, pursuant to the Series 2004 VI-D-1 Note, Loan Agreement and Supplemental Indenture of Trust (the "2004 bonds"); and

WHEREAS, the rents to be collected from MHHA by the county are expected to far exceed the repayment of the 2004 bonds; and

WHEREAS, the Hamblen County board of commissioners desires to use these one time, excess funds to create a permanent endowment which will enable the county to have a constant source of funds to carry out special projects to benefit the citizens of Hamblen County; and

WHEREAS, to accomplish this end, the board of commissioners desires to enact a private act establishing the "Hamblen County Special Endowment"; now therefore,

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. All rents received by Hamblen County from Morristown-Hamblen Hospital Association, hereinafter MHHA, in excess of the bond obligations to the Public Building Authority of Sevier County, Tennessee, pursuant to the Series 2004 VI-D-1 Note, Loan

Agreement and Supplemental Indenture of Trust, hereinafter the 2004 bonds, shall be deposited into and allocated to the Hamblen County Special Endowment.

SECTION 2. Such excess rent shall be allowed to accumulate until such time as the principal amount of the endowment reaches the sum of one million dollars (\$1,000,000).

SECTION 3. The funds of the endowment shall be invested in such funds as are allowed by Tennessee law for funds of governmental entities. To this end, the county may contract with and obtain advice from financial advisors from time to time, the cost of such financial advice to be paid out of "interest," as hereinafter defined accruing to the endowment fund.

SECTION 4. Each fiscal year, once the endowment fund reaches the sum of one million dollars (\$1,000,000), the Hamblen County board of commissioners may expend funds of the endowment on projects as hereinafter defined in an amount not to exceed the interest and/or income, as hereinafter defined, earned by the endowment during the prior fiscal year, and fifty percent (50%) of the excess rents collected during the previous fiscal year.

SECTION 5. Expenditures from the endowment may not be used for the operating expenses of Hamblen County government. Annual expenditures may be used for any nonrecurring need of the county, including health care and education. The funds may be used for any capital project, purchase of equipment or for matching funds for grants.

SECTION 6. Should a default occur in the payment of rents to the county by MHHA at any time, then all funds, both principal and interest as hereinafter defined, constituting the endowment may be used to satisfy any outstanding county obligations remaining on the 2004 bonds.

SECTION 7. In the event MHHA chooses to exercise its option to repurchase assets as provided by the amended and restated lease and security agreement, as amended, between MHHA and Hamblen County, hereinafter the restated lease, or other disposition, is made pursuant to the restated lease, all payments from MHHA to the county shall be made pursuant to the terms and conditions of Section 6 of the restated lease. The proceeds from said repurchase or other disposition shall first be used by the county to satisfy all outstanding obligations owing on the bonds with any remaining funds under the terms and conditions of

Section 6 of the restated lease to be deposited into the endowment, subject to the terms and conditions of such endowment.

SECTION 8. Should the 2004 bonds be paid off prior to their maturity, the endowment cannot be terminated so long as the principal amount of the endowment exceeds one million dollars (\$1,000,000), except as set out in Section 10 below; however, should the funds in the endowment be less than one million dollars (\$1,000,000), then the Hamblen County board of commissioners may terminate the endowment and place all endowment funds into the general fund of the county.

SECTION 9. For purposes of the Hamblen County Special Endowment, all excess rents received and paid into the endowment fund shall be considered "principal." All interest or income earned by the endowment fund shall be considered "interest"; however, should any interest earned during the previous fiscal year after the endowment fund reaches the level of one million dollars (\$1,000,000) not be expended during the subsequent fiscal year, such unspent interest shall become principal at the end of such subsequent fiscal year for all purposes herein.

SECTION 10. Once the 2004 bonds have been paid in full and the payment of rents by MHHA has ceased, the then balance shall constitute the principal of the endowment as defined in Section 9 above, and the Hamblen County Board of commissioners may expend each year the interest or income earned by the endowment fund during the previous fiscal year for purposes set out in Section 5 above. Any interest from the previous year not expended during the subsequent fiscal year shall become principal for all purposes contained herein. At any time after the 2004 bonds have been paid in full, the payment of rents by MHHA has ceased, and further the passage of twenty-five (25) years from the effective date of the adoption of this private act, the Hamblen County board of commissioners, if it deems that the Hamblen County Special Endowment is no longer serving its stated purpose, may terminate or dissolve the endowment, at which time all principal and accumulated interest shall be paid into the general fund of the county.

SECTION 11. This act shall have no effect unless it is approved by a two-thirds (2/3) vote of the legislative body of Hamblen County. Its approval or nonapproval shall be proclaimed by the presiding officer of the legislative body of Hamblen County and certified to the secretary of state.

SECTION 12. For the purpose of approving or rejecting the provisions of this act, it shall be effective upon becoming a law, the public welfare requiring it. For all other purposes, it shall become effective as provided in Section 11.